

Q&A Session at 2018 Earnings Announcement Information Meeting

Meeting: 10:00-11:00 February 13, 2019 (Wednesday)

Q1: Regarding the plan for 2019, please explain factors other than that of the decline in the number of mobile phones sold which is already included in the forecast.

A1: We plan to increase the number of carrier shops by about 10 to 20. I am not in a position to reveal concrete figures regarding renewal commissions, but renewal commissions at existing shops in 2019 are likely to decrease as in 2018. On the other hand, renewal commissions at new shops opened in 2018 are expected to rise.

Q2: Are the communication carriers and sales agents taking any initiatives for reducing the time customers have to wait for service?

A2: To reduce the stress resulting from long customer wait times, we plan to review several options in cooperation with the communication carriers. These include the introduction of a reservation system and review of the overall shop operations. We expect to come up with a model case. We want to develop a most stress-free method from the standpoint of customers.

Q3: What is your plan to hire new graduates?

A3: We have been hiring about 100 new college graduates annually for the past few years. In 2020, we will be hiring more new graduates than the average. Generally speaking, recruitment has become quite difficult in the service and retail sectors. Even in these circumstances, we have been able to appeal to new college graduates and expect our recruitment activities to progress smoothly.

Q4: Do you see any changes following the transition of SoftBank shops to dual-brand shops (shops handling both SoftBank/Y!mobile brands)?

A4: Availability of Y!mobile products at SoftBank shops has expanded customer options (choices). This has also made it easier for us to better respond to a wide range of customer needs. We believe that the Y!mobile platform is strong enough to restrain customers from switching to MVNO.

Q5: What is the outlook for corporate sales? Also, do you have some cooperation arrangement with the SoftBank Vision Fund?

A5: In corporate sales, we plan to expand our product line beyond mobile phones and thus continue expand our business. For instance, we have started to propose a wide range of services that include welfare services and LINE WORKS. Moreover, in SoftBank Vision Fund related products, we have started offering their cleaning robots.

Q6: What are your plans after raising the dividend payout ratio to 30% by 2020?

A6: We have announced a policy of raising the consolidated dividend payout ratio in stages to 30% for the dividend applicable to 2020, and we will move forward with the plan. Policy after 2020 will depend on various factors at that time.

Q7: What caused the 4Q 2018 operating income to decline by about 30% compared to the same period a year earlier?

A7: Fourth quarter (October – December) operating income declined by about 30% year-on-year because the number of smartphones sold in the fourth quarter were lower than the same period a year earlier. In addition, sales promotion expenses increased because of fiercer competition with other companies.